

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 FRB-01 INR-07

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UNCLAS CARACAS 10425

E.O. 11652: N/A

TAGS: EIND, BEXP, VE

SUBJ: AUTOMOTIVE INDUSTRY DEVELOPMENT

REF: CARACAS 9102

1. THE VENEZUELAN MINISTRY OF DEVELOPMENT HAS PUBLICLY INVITED FOREIGN COMPANIES TO PARTICIPATE IN THE EXECUTION OF THE NEW AUTOMOTIVE INDUSTRY POLICY. THE INVITATION HAS BEEN REPORTED BY SEPTEL.

2. IN MAKING THE ANNOUNCEMENT, THE MINISTER PROVIDED ADDITIONAL DETAILS ON THIS LARGE UNDERTAKING. IN ADDITION TO THE CAPACITY FIGURES, HE STATED THAT THE GOV HAS DECIDED THAT THE ENTIRE INDUSTRY EXCEPT THE FORGE IS TO BE LOCATED IN THE AREA BARCELONA-PUERTO LA CURZ-CUMANA, WHILE THE FORGE IS TO BE LOCATED NEAR BARQUISIMETO. HE STATED THAT THE TOTAL PROJECT WILL COST ABOUT BS. 2 BILLION AND THAT IT WILL GENERATE 30,000 DIRECT JOBS AND GIVE INDIRECT EMPLOYMENT TO 200,000 MORE PEOPLE.

3. THE SEALE OF THE INDUSTRY'S AMPLIFICATION IS BASED ON ASSEMBLY FIGURES ESTIMATES ACCORDING TO WHICH 180,000 VEHICLES WILL BE PRODUCED IN 1980 AND 250,000 UNITS BY 1985. THESE ESTIMATES APPEAR TO BE CONSERVATIVE.

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4. THE MINISTER STATED THAT THE GOV RECOGNIZES THE SHORTAGE OF SKILLED PERSONNEL FOR THE ENTIRELY NEW INDUSTRIAL COMPLEX AND HAS THEREFORE DRAWN UP A VOCATIONAL TRAINING SCHEME WHICH WILL BE CENTERED AROUND A NEW TRAINING COMPLEX. THE ASSEMBLY INDUSTRY, THE PARTS INDUSTRY, INCE, THE VOCATIONAL SHCOOL INSTITURE, AND VARIOUS OTHER GOV AGENCIES WILL PARTICIPATE IN THIS PROGRAM.

5. THE NEW COMPANIES WILL HAVE TO BE OF MIXED NATIONAL/FOREIGN CAPITAL AND WILL HAVE TO ABIDE BY THE RULES OF DECISION 24 OF THE CARTAGENA AGREEMENT. THE GOV WILL PARTICIPATE IN THESE VENTURES IF NECESSARY AND ACCORDING TO THE MINISTER WILL BUILD AND OPERATE THE PLANTS ITSELF IF NO ATTRACTIVE PROPOSALS ARE RECEIVED.ASENCIO

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